



General Services Administration
Office of General Counsel
Washington, DC 20405

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Subject: Implementation of the Local Competition Provisions in the
Telecommunications Act of 1996, CC Docket No. 96-98

Dear Mr. Caton:

Enclosed please find the original and sixteen copies of the General Services Administration's Reply Comments for filing in the above-referenced proceeding.

Sincerely,

Michael J. Ettner

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Senior Assistant General Counsel
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Enclosures

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

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JUN 3 1996

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
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Implementation of the Local Competition)
Provisions in the Telecommunications Act)
of 1996)
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CC Docket No. 96-98

**REPLY COMMENTS OF THE
GENERAL SERVICES ADMINISTRATION**

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June 3, 1996

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SUMMARY

In these Reply Comments, GSA responds to the comments of over 60 parties to this proceeding. GSA agrees with those parties who urge the Commission to establish national guidelines for the implementation of dialing parity.

GSA agrees with most parties that the Commission should establish "full 2-PIC" as the minimum standard for intraLATA presubscription. The Commission should also require that the customers of competing LECs be able to complete local calls by dialing the same number of digits as dialed by incumbent LEC customers.

GSA supports the establishment of a schedule which would require all LECs to implement dialing parity by February 8, 1999. The verifiable implementation costs of dialing parity should be recovered by a surcharge on the bills of all carriers, including incumbent LECs, to which dialing parity is available.

CC Docket No. 96-98

In Comments filed on May 20, 1996, GSA urged the Commission to establish national guidelines for the implementation of local and intraLATA dialing parity by all local exchange carriers ("LECs") by February 8, 1999. GSA recommended that the Commission allow the recovery of the verifiable costs of dialing parity from all carriers to which dialing parity is available.

Comments were also filed by over 60 other parties, including:

- LECs;
- Interexchange carriers ("IXCs");
- Competitive access providers ("CAPs");
- Cable television operators;
- Cellular telephone companies; and
- State commissions.

In these Reply Comments, GSA responds to the positions and recommendations of these parties.

**II. The Commission Should Establish National Guidelines
For The Implementation of Dialing Parity.**

The United States Telephone Association ("USTA"), most LECs, and some state commissions suggest that there is little or no need for Commission action with respect to dialing parity.¹ USTA states:

Except for requiring compliance with the minimum requirements of the Act, the Commission should defer determinations as to dialing parity mechanisms and dialing parity implementation to the states. Some states have already adopted particular methods, based on careful consideration of the costs of implementing dialing parity, and the benefits to competition and customer choice. The Commission should not preempt states from adopting a particular method, nor require

¹ See, e.g., Comments of USTA, pp. 1-4; BellSouth, p. 9; Pennsylvania Public Utility Commission, p. 2.

carriers to change the implementation method they have already adopted in that state.²

Potential LEC competitors and other state commissions reach quite the opposite conclusion.³ AT&T, for example, states:

As directed by Section 251(d) of the 1996 Act, it is essential that the Commission adopt explicit national rules implementing these statutory provisions, to ensure the attainment at the earliest possible time of the Act's objective of creating the necessary conditions for local competition.⁴

California states:

The 1996 Act mandates dialing parity within the borders of the United States. To the extent that calls originate within the United States, the FCC can mandate dialing parity for such calls.

GSA believes that state experimentation can provide useful insight into many regulatory questions. In the case of dialing parity, the work done by various state commissions has contributed a wealth of useful information. Having passed through the experimentation stage, however, and in furtherance of the Telecommunications Act of 1996 ("1996 Act"),⁵ it is time for the Commission to use this information to establish

² Comments of USTA, p. 2.

³ See, e.g., Comments of Sprint Corporation, p. 5; the National Cable Television Association, Inc., p. 7; the People of the State of California and the Public Utilities Commission of the State of California ("California").

⁴ Comments of AT&T, p. iii.

⁵ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

national guidelines.

**III. The Commission Should Require Full
2-PIC IntraLATA Presubscription.**

In its Comments, GSA agreed with the Commission that presubscription is the most feasible method to achieve intraLATA dialing parity.⁶ Virtually all commenting parties also supported presubscription.⁷ There is some dispute, however, concerning the form of presubscription to be implemented.

USTA was one of the few parties to advocate the "modified 2-PIC" methodology which allows customers an intraLATA choice only between the incumbent LEC and the same interexchange carrier that the customer is currently presubscribed to for interLATA toll calling.⁸ Most parties advocated the "full 2-PIC" methodology, which allows customers an intraLATA choice of any carrier.⁹ MCI describes the benefits of the "full 2-PIC" methodology as follows:

This method maximizes choice for consumers. It is well defined in technical and public policy terms. Switch vendors have been aware of the 2-PIC feature since 1988 when the Minnesota Presubscription Study Committee sent its request

⁶ Comments of GSA, pp. 3-4.

⁷ See, e.g., Comments of GTE Service Corporation ("GTE"), p. 8; AT&T, p. 4; Telecommunications Resellers Association ("TRA"), p. 3.

⁸ Comments of USTA, p. 3.

⁹ See, e.g., Comments of Ameritech, p. 15; Bell Atlantic, p. 3; AT&T, pp. 4-5.

for information to the various switch vendors. The technical definition of the 2-PIC method remains unchanged since then. A review of many state task force reports shows that 2-PIC technology is the technology that is most readily available across the range of switch vendors. The other presubscription options -- extended 1-PIC, modified 2-PIC and multi-PIC -- are either inconsistent with the expansion of competition, reduce customer choice, or are not technically feasible at this time. Furthermore, 2-PIC presubscription is the method ordered by most state commissions.¹⁰

In its Comments, GSA favored a "multi-PIC" arrangement which allows customers to select among carriers for various categories of local and long-distance calling.¹¹ Although there was conceptual support for eventual implementation of the "multi-PIC" methodology,¹² it is clear that the technical and economic feasibility of this approach has not yet been demonstrated.¹³ GSA, therefore, recommends that the Commission establish "full 2-PIC" as the minimum standard for intraLATA presubscription, and announce its intention to revisit this matter in two or three years.

¹⁰ Comments of MCI Telecommunications Corporation ("MCI"), pp. 4-5 (footnotes deleted).

¹¹ Comments of GSA, p. 4.

¹² See, e.g., Comments of TRA, pp. 3-4; AT&T, p. 5; Ameritech, p. 18.

¹³ See, e.g., Comments of U S West, p. 6; Bell Atlantic, pp. 4-5; the NYNEX Telephone Companies ("NYNEX"), p. 5.

IV. The Commission Should Require Local Dialing Parity.

In its Comments, GSA expressed concern that the definition of local calling areas might result in local dialing parity problems between competing LECs.¹⁴ U S West also noted this possibility, and suggested that "the states are in a better position, at least in the first instance, to resolve any disputes because they are familiar with the calling areas and calling patterns of customers within their jurisdictions."¹⁵

Cox and MFS raised the concern that the implementation of Overlay Area Code Plans could cause similar disputes.¹⁶ Cox recommends that Overlay Area Code Plans be prohibited "until the anticompetitive effects of overlays are ameliorated by full-fledged number portability."¹⁷ MFS recommends that ten-digit dialing be required for all local calls within areas subject to an area code overlay.¹⁸

GSA agrees with U S West that the state commissions are in the best position to determine what specific actions are necessary to ensure local dialing parity when problems such as these arise. GSA recommends, however, that the Commission affirm that the

¹⁴ Comments of GSA, pp. 4-5.

¹⁵ Comments of U S West, Inc. ("U S West"), p. 6.

¹⁶ Comments of Cox Communications, Inc. ("Cox"), pp. 3-6; MFS Communications Company, Inc. ("MFS"), pp. 4-5.

¹⁷ Comments of Cox, p. 6.

¹⁸ Comments of MFS, p. 5.

combination of state rulings and carrier interconnection agreements must allow customers of competing LECs to complete local calls by dialing the same number of digits as dialed by incumbent LEC customers. As Ameritech states, "Such arrangements facilitate customer convenience and competition."¹⁹

**V. The Commission Should Require All LECs To
 Provide Dialing Parity By February 8, 1999.**

The USTA and a number of LECs argue that dialing parity implementation schedules should be left to the states.²⁰ The IXC's, on the other hand, recommend that the Commission prescribe nationwide schedules, some as short as six months.²¹

In its Comments, GSA stated that it did not believe that independent LECs should be subject to a more stringent national timetable than the one set by the 1996 Act for the Bell Operating Companies.²² GSA continues to recommend, therefore, that the Commission require all LECs to provide dialing parity by February 8, 1999. The Commission should make it clear, however, that it would not interfere with more rapid state implementation schedules if approved by state commissions based upon local conditions.

¹⁹ Comments of Ameritech, p. 4.

²⁰ See, e.g., Comments of USTA, p. 4; Pacific Telesis Group ("Pacific"), p. 13; GTE, p. 12.

²¹ See, e.g., Comments of AT&T, pp. 5-6; Sprint, p. 6; MCI, p. 6.

²² Comments of GSA, p. 5.

**VI. The Recovery of Dialing Parity Costs
Should Be Broadly Based.**

Bell Atlantic proposes that the cost of implementing dialing parity be paid entirely by its competitors, "the only carriers who will benefit from intraLATA presubscription."²³ SBC proposes that the "market" should govern the recovery of dialing parity costs, and that these costs should be the subject of "voluntary" negotiated agreements.²⁴

The Commission should reject these recommendations as being diametrically opposed to the pro-competitive purpose of the 1996 Act. As GSA pointed out in its Comments:

The benefits of competition are subtle. They relate as much to the quickened urgency for internal carrier operating efficiency as to the explicit bidding for the services of major customers. That is why competition benefits all customers, even those who remain with the incumbent LEC.²⁵

Most other commenting parties agree with GSA that the incremental costs of providing dialing parity should be distributed among all users of telecommunications who have equal access to alternative suppliers by virtue of dialing parity.²⁶ GSA recommends that this be accomplished through a surcharge on the bills of all carriers, including the incumbent LECs, to which dialing parity is available.

²³ Comments of Bell Atlantic, p. 5.

²⁴ Comments of SBC Communications, Inc. ("SBC"), pp. 8-9.

²⁵ Comments of GSA, p. 7.

²⁶ See, e.g., Comments of NYNEX, p. 10; the Public Utilities Commission of Ohio Staff ("Ohio"), p. 11; MCI, pp. 6-8.

June 3, 1996

VII. Conclusion

As the agency vested with the responsibility for acquiring telecommunications services on a competitive basis for the use of the Federal Executive Agencies, GSA urges the Commission to establish national guidelines for the implementation of dialing parity in the manner described in these Reply Comments.

Respectfully Submitted,

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